

SILVER CREEK TOWNSHIP
CASS COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2008

SILVER CREEK TOWNSHIP
Cass County, Michigan
March 31, 2008

TOWNSHIP BOARD

Bill J. Saunders	Supervisor
Walter F. Lehmann	Clerk
Maureen Kuriata	Treasurer
Joel H. Moore	Trustee
Douglas Swisher	Trustee

SILVER CREEK TOWNSHIP
Cass County, Michigan
March 31, 2008

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Silver Creek Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Silver Creek Township, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Silver Creek Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Silver Creek Township, Michigan, as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 7 and page 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Silver Creek Township, Michigan's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'Schaffer & Layher' in a cursive script.

Schaffer & Layher
July 24, 2008

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Using this Annual Report

This report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Silver Creek Township (the "Township") as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

Financial Highlights

The Township's combined net assets increased 2.3% from a year ago—increasing from \$9,992,864 to \$10,224,729. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities net assets increased \$221,437 during the year, while the business-type activities net assets increased \$10,428.

Overview of the Financial Statements

This report consists of four parts---*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - The *governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the sewer system.
 - *Fiduciary fund statements* provide information about the financial relationships, in which the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to the required parts of the report, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. The following table summarizes the major features of the Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements, Concluded

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds, if applicable)	The activities of the Township that are not proprietary or fiduciary, such as general, building inspector, and liquor control.	Activities the Township operates similar to private businesses, such as the sewer fund.	Instances in which the Township is the trustee or agent for someone else's resources, such as property tax collections.
Required Financial Statements	> Statement of net assets >Statement of activities.	> Balance Sheet >Statement of revenues, expenditures, and changes in fund balances.	> Statement of net assets >Statement of revenues, expenses, and changes in net assets. >Statement of cash flows	> Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term; the Township's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities, which is one way to measure the Township's financial health, or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base and condition of the Township's infrastructure.

Government-Wide Statements, Concluded

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities—Most of the Township's basic services are included here, such as general government, public safety, public works, planning and zoning, and recreation and culture.
- Business-type activities—The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's sewer system is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds—not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Township Board establishes other funds to control and manage money for a particular purpose (i.e., building inspector, capital projects) or to show that it is properly using certain taxes and grants (i.e., fire and ambulance).

The Township has the following three kinds of funds:

- *Governmental Funds*—Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the differences between them.
- *Proprietary Funds*—Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary Funds*—The Township is the trustee, or fiduciary, for its property tax collections. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis of the Township as a Whole

The Township's combined net assets were \$10,224,729 as of March 31, 2008. In a condensed format the following table below shows a breakdown of the net assets:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current assets	\$1,521,794	\$1,370,721	\$3,793,321	\$4,409,618	\$5,315,115	\$5,780,339
Capital assets	502,168	443,071	1,453,389	1,509,526	1,955,557	1,952,597
Other noncurrent assets	-	-	7,778,350	7,455,261	7,778,350	7,455,261
Total assets	\$2,023,962	\$1,813,792	\$13,025,060	\$13,374,405	\$15,049,022	\$15,188,197
Current liabilities	\$18,380	\$29,647	\$382,413	\$373,561	\$400,793	\$403,208
Noncurrent liabilities	-	-	4,423,500	4,792,125	4,423,500	4,792,125
Total liabilities	\$18,380	\$29,647	\$4,805,913	\$5,165,686	\$4,824,293	\$5,195,333
Net Assets						
Invested in capital assets, net of related debt	\$502,168	\$443,071	\$1,453,389	\$1,509,526	\$1,955,557	\$1,952,597
Restricted	-	-	3,320,761	3,649,425	3,320,761	3,649,425
Unrestricted	1,503,414	1,341,074	3,444,997	3,049,768	4,948,411	4,390,842
Total net assets	\$2,005,582	\$1,784,145	\$8,219,147	\$8,208,719	\$10,224,729	\$9,992,864

The Township's combined net assets increased 2.3% from a year ago, increasing from \$9,992,864 to \$10,224,729. As we look at the governmental activities separately from the business-type activities, we can see that governmental activities net assets increased 12.4%, from \$1,784,145 to \$2,005,582. Business-type activities net assets increased less than 1%, from \$8,208,719 to \$8,219,147.

The current level of unrestricted net assets for our governmental activities is \$1,503,414, which is approximately two times the amount of expenses incurred in fiscal year 2008.

The following table shows the changes in net assets for 2008 and 2007:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Program Revenues						
Charges for services	\$ 149,954	\$ 135,019	\$ 94,039	\$ 114,391	\$ 243,993	\$ 249,410
Operating grants and contributions	1,925	9,881	-	-	1,925	9,881
General Revenues						
Property taxes	406,483	402,589	-	-	406,483	402,589
Special assessments	80,041	103,918	-	-	80,041	103,918
State-shared revenues	240,182	238,195	-	-	240,182	238,195
Rents	4,800	9,400	-	-	4,800	9,400
Interest income	65,222	56,643	261,036	247,606	326,258	304,249
Investment in joint venture	-	-	44,802	(17,184)	44,802	(17,184)
Miscellaneous	45,458	39,317	-	-	45,458	39,317
Total Revenues	<u>\$ 994,065</u>	<u>\$ 994,962</u>	<u>\$ 399,877</u>	<u>\$ 344,813</u>	<u>\$ 1,393,942</u>	<u>\$ 1,339,775</u>
Program Expenses						
General Government	\$ 244,581	\$ 265,723	\$ -	\$ -	\$ 244,581	\$ 265,723
Public Safety	352,965	323,802	-	-	352,965	323,802
Recreation and Culture	500	-	-	-	500	-
Public Works	159,494	119,323	-	-	159,494	119,323
Planning and zoning	15,088	7,833	-	-	15,088	7,833
Sewer	-	-	389,449	413,846	389,449	413,846
Total Expenses	<u>\$ 772,628</u>	<u>\$ 716,681</u>	<u>\$ 389,449</u>	<u>\$ 413,846</u>	<u>\$ 1,162,077</u>	<u>\$ 1,130,527</u>
Change in Net Assets	\$ 221,437	\$ 278,281	\$ 10,428	\$ (69,033)	\$ 231,865	\$ 209,248
Beginning Net Assets	1,784,145	1,505,864	8,208,719	8,277,752	9,992,864	9,783,616
Ending Net Assets	<u>\$2,005,582</u>	<u>\$1,784,145</u>	<u>\$ 8,219,147</u>	<u>\$ 8,208,719</u>	<u>\$10,224,729</u>	<u>\$ 9,992,864</u>

Governmental Activities

The Township's total governmental revenues remained consistent with prior year. Total governmental expenses increased by \$55,947. This was primarily due to an increase in public works expense of \$40,171 as a result of increases in weed control expenses within the Indian Lake and Dewey Lake weed control districts.

Business-Type Activities

The Township's business-type activities consist of the Sewer Fund. We provide sewage disposal and treatment services to the Township residents. Total revenues for the Sewer Fund increased by \$55,064 primarily due to an increase in the gain on investment in the joint venture. Total expenses decreased \$24,397, primarily due to the decrease in interest expense on long-term debt.

The Township's Funds

Our analysis of the Township's major funds begins following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as tax revenue generated for fire and ambulance services. The Township's major funds for 2008 include the General Fund, Fire and Ambulance Fund and Sewer Fund.

Capital Asset and Debt Administration

The Township continued making payments on general obligation bonds incurred to construct a sanitary sewer system. The Township had capital asset additions in the current year of \$74,414 related to the completion of the new Township Hall building construction.

Economic Factors and Next Year's Budgets and Rates

The Township anticipates revenues to exceed expenditures in the governmental activities in the next fiscal year.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 686,466	\$ 71,233	\$ 757,699
Certificates of deposit (maturity >90 days)	777,334	334,025	1,111,359
Receivables:			
Property taxes	29,480	-	29,480
Special assessments	1,830	3,376,410	3,378,240
Due from other governments	-	7,862	7,862
Other	5,681	3,791	9,472
Due from fiduciary fund	10,618	-	10,618
Prepaid expenses	10,385	-	10,385
Certificates of deposit (maturity >1 year)	-	338,432	338,432
Investment in joint venture	-	7,439,918	7,439,918
Capital assets, net	502,168	1,453,389	1,955,557
Total assets	<u>\$ 2,023,962</u>	<u>\$ 13,025,060</u>	<u>\$ 15,049,022</u>
Liabilities			
Accounts Payable	\$ 12,909	\$ 13,788	\$ 26,697
Accrued wages and taxes	5,471	-	5,471
Noncurrent liabilities			
Due within one year	-	368,625	368,625
Due in more than one year	-	4,423,500	4,423,500
Total liabilities	<u>\$ 18,380</u>	<u>\$ 4,805,913</u>	<u>\$ 4,824,293</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 502,168	\$ 1,453,389	\$ 1,955,557
Restricted for joint venture debt repayment	-	3,320,761	3,320,761
Unrestricted	1,503,414	3,444,997	4,948,411
Total net assets	<u>\$ 2,005,582</u>	<u>\$ 8,219,147</u>	<u>\$ 10,224,729</u>

The notes to the financial statements are an integral part of these statements

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended March 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary Government						
<i>Governmental Activities</i>						
General government	\$ 244,581	\$ 75,006	\$ -	\$ (169,575)	\$ -	\$ (169,575)
Public safety	352,965	65,146	1,925	(285,894)	-	(285,894)
Recreation and culture	500	-	-	(500)	-	(500)
Public works	159,494	-	-	(159,494)	-	(159,494)
Planning and zoning	15,088	9,802	-	(5,286)	-	(5,286)
Total governmental activities	<u>\$ 772,628</u>	<u>\$ 149,954</u>	<u>\$ 1,925</u>	<u>\$ (620,749)</u>	<u>\$ -</u>	<u>\$ (620,749)</u>
<i>Business-Type Activities</i>						
Sewer	\$ 389,449	\$ 94,039	\$ -	\$ -	\$ (295,410)	\$ (295,410)
Total business-type activities	<u>389,449</u>	<u>94,039</u>	<u>-</u>	<u>-</u>	<u>(295,410)</u>	<u>(295,410)</u>
Total primary government	<u>\$ 1,162,077</u>	<u>\$ 243,993</u>	<u>\$ 1,925</u>	<u>(620,749)</u>	<u>(295,410)</u>	<u>(916,159)</u>
General Revenues:						
Property taxes				406,483	-	406,483
Special assessments for weed control districts				80,041	-	80,041
State-shared revenues				240,182	-	240,182
Rents				4,800	-	4,800
Interest income				65,222	261,036	326,258
Investment in joint venture				-	44,802	44,802
Miscellaneous				45,458	-	45,458
Total general revenues				<u>842,186</u>	<u>305,838</u>	<u>1,148,024</u>
Change in net assets				221,437	10,428	231,865
Net assets-beginning				1,784,145	8,208,719	9,992,864
Net assets-ending				<u>\$ 2,005,582</u>	<u>\$ 8,219,147</u>	<u>\$ 10,224,729</u>

The notes to the financial statements are an integral part of these statements

SILVER CREEK TOWNSHIP**GOVERNMENTAL FUNDS BALANCE SHEET
March 31, 2008**

	General Fund	Fire and Ambulance Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 267,732	\$ 202,569	\$ 216,165	\$ 686,466
Certificates of deposit (maturity >90 days)	777,334	-	-	777,334
Receivables, net	15,426	19,735	1,830	36,991
Due from other governmental funds	6,200	-	-	6,200
Due from fiduciary fund	10,618	-	-	10,618
Prepaid expenses	10,385	-	-	10,385
Total assets	<u>\$ 1,087,695</u>	<u>\$ 222,304</u>	<u>\$ 217,995</u>	<u>\$ 1,527,994</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 3,612	\$ 3,787	\$ 5,510	\$ 12,909
Accrued wages and taxes	5,471	-	-	5,471
Due to other funds	-	-	6,200	6,200
Total liabilities	<u>\$ 9,083</u>	<u>\$ 3,787</u>	<u>\$ 11,710</u>	<u>\$ 24,580</u>
Fund Balance				
Reserved:				
Reserved for prepaids	10,385	-	-	10,385
Unreserved, reported in:				
General Fund	1,068,227	-	-	1,068,227
Special Revenue Funds	-	218,517	180,671	399,188
Capital Projects Funds	-	-	25,614	25,614
Total fund balances	<u>1,078,612</u>	<u>218,517</u>	<u>206,285</u>	<u>1,503,414</u>
Total liabilities and fund balances	<u>\$ 1,087,695</u>	<u>\$ 222,304</u>	<u>\$ 217,995</u>	
Amounts reported for governmental activities in the statement of net assets are different because:				
* Capital assets used in governmental activities are not financial resources and are not reported in the funds				502,168
Net assets of governmental activities				<u>\$ 2,005,582</u>

The notes to the financial statements are an integral part of these statements

SILVER CREEK TOWNSHIP

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended March 31, 2008**

	General Fund	Fire and Ambulance Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 139,883	\$ 266,600	\$ -	\$ 406,483
Tax administration fees	75,006	-	-	75,006
Special assessments	-	-	80,041	80,041
State Grants	240,182	-	1,925	242,107
Permits	9,802	-	65,146	74,948
Interest	52,439	5,760	7,023	65,222
Rental income	4,800	-	-	4,800
Other revenues	43,633	-	1,825	45,458
Total Revenues	<u>\$ 565,745</u>	<u>\$ 272,360</u>	<u>\$ 155,960</u>	<u>\$ 994,065</u>
Expenditures				
Current:				
General government	\$ 229,264	\$ -	\$ -	\$ 229,264
Public safety	-	260,609	92,356	352,965
Recreation and culture	-	-	500	500
Public works	79,305	-	80,189	159,494
Planning and zoning	15,088	-	-	15,088
Capital Outlay	-	-	74,414	74,414
Total Expenditures	<u>\$ 323,657</u>	<u>\$ 260,609</u>	<u>\$ 247,459</u>	<u>\$ 831,725</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 242,088</u>	<u>\$ 11,751</u>	<u>\$ (91,499)</u>	<u>\$ 162,340</u>
Other Financing Sources(Uses)				
Operating transfers in	\$ -	\$ -	\$ 83,383	\$ 83,383
Operating transfers out	(83,383)	-	-	(83,383)
Total other financing sources (uses)	<u>\$ (83,383)</u>	<u>\$ -</u>	<u>\$ 83,383</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ 158,705</u>	<u>\$ 11,751</u>	<u>\$ (8,116)</u>	<u>\$ 162,340</u>
Fund Balances, beginning of year as previously reported	941,407	206,766	214,401	
Prior-Period Adjustment (Note 10)	(21,500)	-	-	
Fund Balances, end of year	<u><u>\$ 1,078,612</u></u>	<u><u>\$ 218,517</u></u>	<u><u>\$ 206,285</u></u>	

Amounts reported for governmental activities in the statement of activities are different because:

- * Governmental funds report capital outlay as expenditures: in the statement of activities, these costs are allocated over their estimated useful lives as depreciation;

Depreciation expense	(15,317)
Capital outlay	74,414
Change in net assets of governmental activities	<u><u>\$ 221,437</u></u>

The notes to the financial statements are an integral part of these statements

PROPRIETARY FUND STATEMENT OF NET ASSETS
March 31, 2008

	<u>Sewer Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 71,233
Certificates of deposit (maturity >90 days)	334,025
Receivables:	
Trade	3,791
Special assessments receivable	3,376,410
Due from other governments	7,862
Total current assets	<u>\$ 3,793,321</u>
Noncurrent assets	
Certificates of deposit (maturity >1 year)	338,432
Investment in joint venture	7,439,918
Capital assets, net	1,453,389
Total noncurrent assets	<u>\$ 9,231,739</u>
Total assets	<u>\$ 13,025,060</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 13,788
Noncurrent liabilities	
Due within one year	368,625
Due in more than one year	4,423,500
Total liabilities	<u>\$ 4,805,913</u>
Net Assets	
Invested in capital assets - net of related debt	\$ 1,453,389
Restricted for joint venture debt repayment	3,320,761
Unrestricted	3,444,997
Total net assets	<u>\$ 8,219,147</u>

The notes to the financial statements are an integral part of these statements

SILVER CREEK TOWNSHIP**PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**
Year Ended March 31, 2008

	Sewer Fund
Operating Revenues	
Charges for services	\$ 80,853
Service connections	13,186
Total operating revenues	<u>\$ 94,039</u>
Operating Expenses	
Billing and monitoring services	\$ 42,315
Sewage disposal services	29,543
Utilities	8,712
Contractor services	2,591
Professional services	1,000
Repairs and maintenance	5,282
Insurance	1,800
Other expenses	676
Depreciation	63,637
Total operating expenses	<u>\$ 155,556</u>
Operating loss	<u>\$ (61,517)</u>
Nonoperating Revenues (Expenses)	
Interest income	\$ 261,036
Interest expense	(233,893)
Investment in joint venture	44,802
Total nonoperating revenues (expenses)	<u>\$ 71,945</u>
Change in net assets	<u>\$ 10,428</u>
Net assets, beginning of year as previously reported	2,200,320
Prior-period adjustment (Note 10)	6,008,399
Net assets, end of year	<u><u>\$ 8,219,147</u></u>

The notes to the financial statements are an integral part of these statements

PROPRIETARY FUND STATEMENT OF CASH FLOWS
Year Ended March 31, 2008

	Sewer Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 109,519
Payments to suppliers	(83,067)
Net cash provided by operating activities	<u>\$ 26,452</u>
Cash Flows From Capital and Related Financing	
Purchase of capital assets	\$ (7,500)
Cash Flow From Investing Activities	
Interest	\$ 47,327
Net changes in certificates of deposit	(56,814)
Special assessment payments received	45,691
Net cash provided by investing activities	<u>\$ 36,204</u>
Net increase in cash and cash equivalents	<u>\$ 55,156</u>
Cash and cash equivalents-beginning	16,077
Cash and cash equivalents-ending	<u><u>\$ 71,233</u></u>
Reconciliation of Operating Loss to Net Cash Provided	
(Used) by Operating Activities	
Operating loss	\$ (61,517)
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation expense	63,637
Change in assets and liabilities	
Receivables, net	15,480
Accounts payable	8,852
Net cash provided by operating activities	<u><u>\$ 26,452</u></u>

The notes to the financial statements are an integral part of these statements

**FIDUCIARY FUND STATEMENT OF NET ASSETS
March 31, 2008**

	<u>Agency Fund</u>
	<u>Property Tax</u>
	<u>Collection Fund</u>
Assets	
Cash	<u>\$ 15,396</u>
Liabilities	
Due to other governmental funds:	
General fund	\$ 10,618
Due to other governmental units	<u> 4,778</u>
Total Liabilities	<u>\$ 15,396</u>

The notes to the financial statements are an integral part of these statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Silver Creek Township (the “Township”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

A. Reporting Entity

The Township is governed by an elected five-member board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The criteria are established under GASB #39 for which organizations is to be included in the reporting entity. See the following criteria and descriptions for the component units reported:

Blended Component Units—A blended component unit is a legally separate entity from the Township, but is so intertwined with the unit that it is, in substance, the same as the Township. It is reported as part of the Township and blended into the appropriate fund types. There were no such units at March 31, 2008.

Discretely Presented Component Units — The discretely presented component unit is an entity that is legally separate from the Township, but for which the unit is financially accountable, or its relationship with the unit is such that exclusion would cause the unit’s financial statements to be misleading or incomplete. There were no such units at March 31, 2008.

Jointly Governed Organization — The Township has no jointly governed organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**B. Government-Wide and Fund Financial Statements, concluded**

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, concluded**

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Property Taxes--The Township's property taxes attach as an enforceable lien on December 1st, on the taxable valuation of property (as defined by State statutes) located in the Township and payable on February 28 of the succeeding year. The Township's 2007 ad valorem tax is levied and collectible on December 1, 2007 and it is recognized as revenue in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Township totaled \$183.9 million, on which ad valorem taxes levied which consisted of .7519 mills for the Township's operating purposes and 1.4518 mills for fire and ambulance services. These amounts are recognized in the respective General and Special Revenue Funds' financial statements as taxes receivable or as tax revenue.

The Township reports the following major funds:

Governmental Funds:

The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Fire and Ambulance Fund** is used to account for the tax revenues and expenditures related to the Township's fire and ambulance services.

Proprietary funds:

The **Sewer Fund** is used to account for the activities related to the Township's sanitary collection system and waste water treatment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued**

Additionally, the Township reports the following non-major governmental funds:

The **Liquor Control Fund** is used to account for the Township's liquor and other ordinance enforcement activities.

The **Building Department Fund** is used to account for the collection of inspection fees related to construction in the Township and the expenses associated with building and electrical inspections.

The **Parks and Recreation Fund** is used to account for funding accumulated for future parks and recreation projects planned by the Township.

The **Public Improvement Fund** is used to account for major improvements to the Township's property and buildings.

The **Dewey Lake Weed Control Fund** and the **Indian Lake Weed Control Fund** are used to account for weed control activities on Dewey and Indian Lakes. These activities are funded by special assessments to the related property owners.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Concluded**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value and consist of only certificates of deposit greater than 90 days.

Receivables and Payables—In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st, at which time penalties and interest are assessed.

Prepaid Expenses—Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets—Capital assets, which include property, plant, equipment, infrastructure assets (e.g., sewer system, roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**D. Assets, Liabilities, and Net Assets or Equity, Concluded**

The Township has chosen not to retroactively report any other infrastructure assets at March 31, 2008 and will only report any additions prospectively in accordance with G.A.S.B. #34.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest that was capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5 to 10 years
Vehicles	5 to 15 years
Sewer System	40 years

Long-Term Obligations—In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting: Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at the fiscal year end. The Township Supervisor submits the proposed operating budget for the fiscal year commencing April 1st and public hearings are conducted to obtain taxpayer comments. After submission, the Township Board formally adopts the budget and any future transfers or amendments must be approved by the Township Board.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY, CONCLUDED

The budget document presents information by fund function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1st. Expenditures in excess of the amounts budgeted is violation of P.A. 621 of 1978, Section 18(1) as amended. State law permits Townships to amend its budgets during the year. There were no amendments during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

For the year ended March 31, 2008, the Township did not adopt a budget for the Fire and Ambulance Fund.

Excess of Expenditures Over Appropriations in Major Budgeted Funds—During the year, the Township incurred expenditures in budgeted funds which were in excess of the amounts appropriated as follows:

	Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Planning and Zoning	\$ 12,500	\$ 15,088	\$ (2,588)
Transfers Out	61,000	83,383	(22,383)

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and had no impact on the financial results of the Township.

Fund Deficits—The Township has no accumulated fund balance/retained earning deficits in their reported funds.

NOTE 3. DEPOSITS AND INVESTMENTS

At March 31, 2008, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	Total Primary <u>Government</u>
Cash and cash equivalents			
Deposits	\$ 686,364	\$ 71,233	\$ 757,597
Certificates of deposit (maturity >90 days)	777,334	334,025	1,111,359
Petty cash and undeposited cash	102	-	102
Total	<u>\$ 1,463,800</u>	<u>\$ 405,258</u>	<u>\$ 1,869,058</u>
 Certificates of deposit (maturity >1 year)	 <u>\$ -</u>	 <u>\$ 338,432</u>	 <u>\$ 338,432</u>

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The bank balance of the primary government's deposits and certificates of deposit is \$2,353,645 of which \$900,000 is covered by federal depositary insurance.

Investments. Michigan law permits investments in: 1) Bonds and other obligations of the United States Government; 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively; 3) Certain commercial paper; 4) United States Government repurchase agreements; 5) Banker's acceptance of the United States Bank; and 6) Certain mutual funds.

Interest rate risk. The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time if/when the Township has investments that are subject to this type of risk.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk. The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized if/when the Township has investments that are subject to the type of risk.

NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

Custodial Credit Risk – Investments. The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party if/when the Township has investments that are subject to this type of risk.

Foreign Currency Risk. The Township is not authorized to invest in investments which have this type of risk.

NOTE 4. RECEIVABLES AND PAYABLES

Receivables as of year-end for the Township's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Fire and Ambulance Fund	Sewer Fund	Nonmajor Funds	Total
Receivables:					
Taxes	\$ 15,426	\$ 19,735	\$ -	\$ -	\$ 35,161
Accounts	-	-	3,791	-	3,791
Special assessments	-	-	3,376,410	1,830	3,378,240
Intergovernmental	-	-	7,862	-	7,862
Less allowance for uncollectibles	-	-	-	-	-
Net receivables	<u>\$ 15,426</u>	<u>\$ 19,735</u>	<u>\$ 3,388,063</u>	<u>\$ 1,830</u>	<u>\$3,425,054</u>

Payables as of year-end for the Township's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Fire and Ambulance Fund	Sewer Fund	Nonmajor Funds	Total
Payables:					
Accounts	<u>\$ 3,612</u>	<u>\$ 3,787</u>	<u>\$ 13,788</u>	<u>\$ 5,510</u>	<u>\$ 26,697</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<i>Governmental Activities</i>				
Capital assets being depreciated:				
Buildings	\$ 371,855	\$ 63,939	\$ -	\$ 435,794
Office equipment	54,057	10,475	-	64,532
Police equipment	6,140	-	-	6,140
Vehicles	40,370	-	-	40,370
Subtotal	<u>\$ 472,422</u>	<u>\$ 74,414</u>	<u>\$ -</u>	<u>\$ 546,836</u>
Less: Accumulated depreciation	<u>\$ (29,351)</u>	<u>\$ (15,317)</u>	<u>\$ -</u>	<u>\$ (44,668)</u>
Net capital assets	<u><u>\$ 443,071</u></u>	<u><u>\$ 59,097</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 502,168</u></u>

Depreciation was charged to programs for the governmental activities as follows:

General government	\$ 15,317
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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<i>Business-Type Activities</i>				
Capital assets being depreciated:				
Infrastructure	\$ 2,515,494	\$ -	\$ -	\$ 2,515,494
Equipment	-	7,500	-	7,500
Subtotal	<u>\$ 2,515,494</u>	<u>\$ 7,500</u>	<u>\$ -</u>	<u>\$ 2,522,994</u>
Less: Accumulated depreciation	<u>\$(1,005,968)</u>	<u>\$ (63,637)</u>	<u>\$ -</u>	<u>\$(1,069,605)</u>
Net capital assets	<u><u>\$ 1,509,526</u></u>	<u><u>\$ (56,137)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,453,389</u></u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General	Liquor Control	\$ 6,200

The General Fund interfund receivables are for employee wages and related taxes paid by the General Fund on behalf of other funds and will be reimbursed in the following fiscal year.

		<u>Transfers In</u>			
		<u>Liquor Control Fund</u>	<u>Parks and Recreation Fund</u>	<u>Public Improvement Fund</u>	<u>Total</u>
Transfers out					
General Fund	\$	24,500	\$ 35,000	\$ 23,883	\$ 83,383

The General Fund transferred funds to the Liquor Control Fund to fund the annual operating activities of that fund. The General Fund transferred funds to the Parks and Recreation Fund to fund future parks and recreation projects planned by the Township. The General Fund transferred funds to the Public Improvement Fund to fund future capital projects costs budgeted by the Township.

NOTE 7. LONG-TERM DEBT

Long-term debt activity can be summarized as follows:

Business-type Activities	<u>Beginning Balance</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>General Obligation Bonds</i>				
Sister Lakes Area Utilities Authority, dated May 1, 2001, with annual principal payments of \$375,000 to \$625,000, maturing in 2020, with semi-annual interest payments at rates ranging from 4.0% to 6.0%	\$ 5,160,750	\$ (368,625)	\$ 4,792,125	\$ 368,625

The Sister Lakes Area Utilities Authority bonds represent financing of sewer improvements by the Sister Lakes Area Utilities Authority (the "Authority") that benefit specific districts (see Note 9); these districts are specially assessed, at least in part, by the Township for the cost of the improvements. At March 31, 2008, there is \$3,320,761 of special assessments receivable to cover the Township's portion of the debt.

NOTE 7. LONG-TERM DEBT, CONCLUDED

Annual debt service requirements to maturity for the above debt are as follows:

	Business-type Activities		
	Principal	Interest	Total
2009	\$ 368,625	\$ 218,871	\$ 587,496
2010	368,625	203,297	571,922
2011	368,625	187,262	555,887
2012	368,625	170,858	539,483
2013	368,625	154,086	522,711
2014-2018	1,843,125	505,201	2,348,326
2019-2021	1,105,875	82,940	1,188,815
	<u>\$ 4,792,125</u>	<u>\$ 1,522,515</u>	<u>\$6,314,640</u>

NOTE 8. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township carries insurance for these risks. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9. JOINT VENTURE

In September 2000, the Township became a participant with Keeler Township in a joint venture to acquire, own, improve, enlarge, extend, and operate a water supply system, a sewage disposal system, or a solid waste management system for the residents of these communities. The Sister Lakes Area Utilities Authority (the "Authority") was created for that purpose. Upon dissolution of the Authority, the net assets will be split, with approximately 60 percent to Silver Creek Township and 40 percent to Keeler Township.

The Authority is governed by a board of five members consisting of two members each from Keeler Township and Silver Creek Township and the city manager of the City of Dowagiac (the provider of the service).

In May 2001, Van Buren County issued bonds totaling \$11,625,000 for construction of the system. The Township has pledged its full faith and credit for repayment of 58.98 percent of this debt.

Complete financial statement for the Authority can be obtained at the Keeler Township Hall.

NOTE 10. PRIOR-PERIOD ADJUSTMENTS

The beginning of year fund balance for the General Fund has been adjusted to correct an error related to the recognition of a receivable made in a prior year. The error had no effect on the General Fund's net change in fund balance for the year ended March 31, 2007.

The beginning of year net assets for the Sewer Fund has been adjusted to correct an error related to the failure to recognize the Township's investment in the Authority, the related debt, and the special assessments receivable levied by the Township to fund the repayment of the debt. Had the error not been made, the change in net assets for the Sewer Fund for the year ended March 31, 2007 would have decreased by \$38,338.

REQUIRED SUPPLEMENTAL INFORMATION

SILVER CREEK TOWNSHIP**BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
March 31, 2008**

	Original and Final Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of Year	\$ 919,907	\$ 919,907	
Resources(Inflows)			
Property taxes	\$ 122,100	\$ 139,883	17,783
Tax administration fees	48,000	75,006	27,006
State Grants	220,000	240,182	20,182
Permits	7,000	9,802	2,802
Interest	30,000	52,439	22,439
Rental income	9,000	4,800	(4,200)
Other revenues	18,176	43,633	25,457
Amounts Available for Appropriation	<u>\$ 1,374,183</u>	<u>\$ 1,485,652</u>	
Charges to Appropriations(Outflows)			
General government	\$ 281,925	\$ 229,264	52,661
Public works	96,772	79,305	17,467
Planning and zoning	12,500	15,088	(2,588)
Transfers out	61,000	83,383	(22,383)
Total Charges to Appropriations	<u>\$ 452,197</u>	<u>\$ 407,040</u>	
Fund Balance - End of Year	<u>\$ 921,986</u>	<u>\$ 1,078,612</u>	

OTHER SUPPLEMENTAL INFORMATION

SILVER CREEK TOWNSHIP**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS****March 31, 2008**

	Liquor Control Fund	Building Department Fund	Parks and Recreation Fund	Public Improvement Fund	Dewey Lake Weed Control Fund	Indian Lake Weed Control Fund	Total
Assets							
Cash and Cash Equivalents	\$ 7,076	\$ 38,160	\$ 44,633	\$ 25,614	\$ 26,941	\$ 73,741	\$ 216,165
Receivables	-	-	-	-	1,830	-	1,830
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Total assets	<u>\$ 7,076</u>	<u>\$ 38,160</u>	<u>\$ 44,633</u>	<u>\$ 25,614</u>	<u>\$ 28,771</u>	<u>\$ 73,741</u>	<u>\$ 217,995</u>
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 755	\$ 3,763	\$ 500	\$ -	\$ -	\$ 492	\$ 5,510
Due to other funds	6,200	-	-	-	-	-	6,200
Total liabilities	<u>\$ 6,955</u>	<u>\$ 3,763</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 11,710</u>
Fund Balances							
Unreserved:							
Undesignated, reported in:							
Special Revenue Funds	\$ 121	\$ 34,397	\$ 44,133	\$ -	\$ 28,771	\$ 73,249	\$ 180,671
Capital Projects Funds	-	-	-	25,614	-	-	25,614
Total fund balances	<u>121</u>	<u>34,397</u>	<u>44,133</u>	<u>25,614</u>	<u>28,771</u>	<u>73,249</u>	<u>206,285</u>
Total liabilities and fund balances	<u>\$ 7,076</u>	<u>\$ 38,160</u>	<u>\$ 44,633</u>	<u>\$ 25,614</u>	<u>\$ 28,771</u>	<u>\$ 73,741</u>	<u>\$ 217,995</u>

SILVER CREEK TOWNSHIP

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2008**

	Liquor Control Fund	Building Department Fund	Parks and Recreation Fund	Public Improvement Fund	Dewey Lake Weed Control Fund	Indian Lake Weed Control Fund	Total
Revenues							
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 26,164	\$ 53,877	\$ 80,041
State grants	1,925	-	-	-	-	-	1,925
Permits	-	65,146	-	-	-	-	65,146
Interest	261	1,294	556	3,150	524	1,238	7,023
Other revenues	-	-	-	1,825	-	-	1,825
Total revenues	<u>\$ 2,186</u>	<u>\$ 66,440</u>	<u>\$ 556</u>	<u>\$ 4,975</u>	<u>\$ 26,688</u>	<u>\$ 55,115</u>	<u>\$ 155,960</u>
Expenditures							
Current:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	31,580	60,776	-	-	-	-	92,356
Recreation and culture	-	-	500	-	-	-	500
Public works	-	-	-	-	19,276	60,913	80,189
Planning and zoning	-	-	-	-	-	-	-
Capital outlay	-	-	-	74,414	-	-	74,414
Total expenditures	<u>\$ 31,580</u>	<u>\$ 60,776</u>	<u>\$ 500</u>	<u>\$ 74,414</u>	<u>\$ 19,276</u>	<u>\$ 60,913</u>	<u>\$ 247,459</u>
Deficiency of Revenues Under Expenditures	<u>\$ (29,394)</u>	<u>\$ 5,664</u>	<u>\$ 56</u>	<u>\$ (69,439)</u>	<u>\$ 7,412</u>	<u>\$ (5,798)</u>	<u>\$ (91,499)</u>
Other Financing Sources (Uses)							
Transfers in	\$ 24,500	\$ -	\$ 35,000	\$ 23,883	\$ -	\$ -	\$ 83,383
Total other financing sources (uses)	<u>\$ 24,500</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 23,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,383</u>
Net Change in Fund Balances	<u>\$ (4,894)</u>	<u>\$ 5,664</u>	<u>\$ 35,056</u>	<u>\$ (45,556)</u>	<u>\$ 7,412</u>	<u>\$ (5,798)</u>	<u>\$ (8,116)</u>
Fund Balances, beginning of year	<u>5,015</u>	<u>28,733</u>	<u>9,077</u>	<u>71,170</u>	<u>21,359</u>	<u>79,047</u>	<u>214,401</u>
Fund Balances, end of year	<u><u>\$ 121</u></u>	<u><u>\$ 34,397</u></u>	<u><u>\$ 44,133</u></u>	<u><u>\$ 25,614</u></u>	<u><u>\$ 28,771</u></u>	<u><u>\$ 73,249</u></u>	<u><u>\$ 206,285</u></u>



To the Township Board
of Silver Creek Township

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Silver Creek Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Silver Creek Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control.

Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

Financial Reporting Process

Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the Township reviews and understands all information included in the annual financial statements, but obtains assistance in the preparation. Internal controls should be in place to provide reasonable assurance to the Township that management prepare, monitor, and report annual financial activity without auditor intervention. The effect of this condition places a reliance on the independent auditor to be part of the Township's internal controls over financial reporting. The Township should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Segregation of Duties

The size of the Township's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Township Board remain involved in the financial affairs of the Township to provide oversight and independent review functions.

David Schaffer, CPA
Michael Layher, CPA
Founding Partners:
Morris McMurray, CPA
Raymond Marks, CPA
Jeff Edmunds, CPA

Account Reconciliations

A reconciliation of special assessments receivable from the general ledger to the special assessments receivable detail ledger should be prepared to check that the recording of transactions is accurate, applied properly, and that any adjustments to receivable amounts have been approved.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

Material Audit Adjustments

Certain material adjustments were identified by Schaffer & Layher during the course of the audit. These included the adjustments of property tax receivables, the investment in the Sister Lakes Area Utilities Authority joint venture, special assessments receivable balances, bond payable balances, and the adjustment of interest income.

Other Matters

Additionally, during our audit, we became aware of several other matters that are opportunities for strengthening internal controls and operating efficiency.

Investment Policy

The Township routinely invests excess cash; however, it does not have a formal investment policy. The Township should develop and adopt a written investment policy in compliance with requirements set forth by Michigan's Public Act 20 of 1943, as amended.

Travel Expense Policy

We recommend that the Township adopt a travel expense policy requiring employees to submit all reimbursable expenses with proper documentation to an assigned individual on at least a monthly basis for review and reimbursement.

Annual Budgets

For the year ended March 31, 2008, the Township did not adopt a budget for the Fire and Ambulance Fund (a major special revenue fund). We recommend that the Township legally adopt annual budgets for all major special revenue funds.

This communication is intended solely for the information and use of the Township Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Schaffer & Layher
St. Joseph, Michigan

September 24, 2008